



**HARRISON COUNTY, MISSOURI
TWO YEARS ENDED DECEMBER 31, 2000**

**From The Office Of State Auditor
Claire McCaskill**

**Report No. 2001-57
August 1, 2001
www.auditor.state.mo.us**

AUDIT REPORT



Office Of The
State Auditor Of Missouri
Claire McCaskill

August 2001

www.auditor.state.mo.us

IMPORTANT: The Missouri State Auditor is required by Missouri law to conduct audits only once every four years in counties, like Harrison, which do not have a county auditor. However, to assist such counties in meeting federal audit requirements, the State Auditor will also perform a financial and compliance audit of various county operating funds every two years. This voluntary service to Missouri counties can only be provided when state auditing resources are available and does not interfere with the State Auditor's constitutional responsibility of auditing state government.

Once every four years, the State Auditor's statutory audit will cover additional areas of county operations, as well as the elected county officials, as required by Missouri's Constitution.

This audit of Harrison County was a financial and compliance audit of various county operating funds.

- The county's General Revenue Fund reflects a weakening financial trend. The 2001 budget reflects an anticipated ending cash balance of \$7,289.

The financial condition of the 911 Fund is declining because of increasing operating costs. The cash balance at December 31, 2000 was \$79,419 and the 2001 fiscal year budget expenditures projects an ending fund balance of \$14,869. The county provides dispatching services for a number of entities and does not recover the majority of the related costs; only two of nine entities pay the county for 911 services.

- During the 1997 salary commission meeting, a motion was made and passed to "set salaries of all elected officials of Harrison county at 100 percent maximum allowance compensation per statutes to take effect prior to the new term". As a result, all elected officials were given a salary increase mid-term. Section 50.333.13, RSMo, enacted in 1997, allowed salary commissions meeting in 1997 to provide mid-term salary increases for associate county commissioners elected in 1996 due to the fact that their terms were increased from two years to four.

On May 15, 2001, the Missouri Supreme Court handed down an opinion that holds that all raises given pursuant to this statute section are unconstitutional. While the action taken by the 1997 salary commission was not voted under Section 50.333.13 RSMo, due to the Supreme Court decision, the salary commission should reevaluate the decision to give mid-term salary increases to all officials. The County Commission indicated they will ask the county's legal counsel to review this matter and will discuss it at the 2001 salary commission meeting.

(over)

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- The county does not have adequate procedures in place to track federal awards for the preparation of the Schedule of Expenditures of Federal Awards (SEFA). Expenditures on the schedule were overstated approximately \$118,000 and \$128,000 for 2000 and 1999, respectively.
- The county has not established cash management procedures to ensure the minimum time elapses between its receipt of federal project monies and the distribution of such monies to contractors.
- The county incurred engineering costs of \$38,580 for the bridge project we reviewed. There was no documentation that the County Commission considered other engineering firms when procuring these services.
- Special Road and Bridge Fund revenues were significantly underestimated and expenditures were significantly overestimated, reducing the effectiveness of the budget as a management tool.

The audit also includes some matters related to the large cash balance of the Special Road and Bridge Fund, monitoring of reimbursements for bridge projects, misclassification of Special Road and Bridge Fund expenditures, and County Commission minutes, upon which the county should consider and take appropriate corrective action.

Copies of the audit are available upon request.

HARRISON COUNTY, MISSOURI

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FINANCIAL SECTION

State Auditor's Reports



CLAIRE C. McCASKILL
Missouri State Auditor

**INDEPENDENT AUDITOR'S REPORT ON THE FINANCIAL
STATEMENTS AND SUPPLEMENTARY SCHEDULE OF
EXPENDITURES OF FEDERAL AWARDS**

To the County Commission
and
Officeholders of Harrison County, Missouri

We have audited the accompanying special-purpose financial statements of various funds of Harrison County, Missouri, as of and for the years ended December 31, 2000 and 1999, as identified in the table of contents. These special-purpose financial statements are the responsibility of the county's management. Our responsibility is to express an opinion on these special-purpose financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the special-purpose financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the special-purpose financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

The accompanying special-purpose financial statements were prepared for the purpose of presenting the receipts, disbursements, and changes in cash of various funds of Harrison County, Missouri, and comparisons of such information with the corresponding budgeted information for various funds of the county and are not intended to be a complete presentation of the financial position and results of operations of those funds or of Harrison County.

In our opinion, the special-purpose financial statements referred to in the first paragraph present fairly, in all material respects, the receipts, disbursements, and changes in cash of various funds of Harrison County, Missouri, and comparisons of such information with the corresponding budgeted information for various funds of the county as of and for the years ended December 31, 2000 and 1999, in conformity with the comprehensive basis of accounting discussed in Note 1,

which is a basis of accounting other than accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we also have issued our report dated March 29, 2001, on our consideration of the county's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget (OMB) Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the special-purpose financial statements. Such information has been subjected to the auditing procedures applied in the audit of the special-purpose financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the special-purpose financial statements taken as a whole.

A handwritten signature in black ink, reading "Claire McCaskill". The signature is fluid and cursive, with the first name "Claire" and last name "McCaskill" clearly distinguishable.

Claire McCaskill
State Auditor

March 29, 2001 (fieldwork completion date)

The following auditors participated in the preparation of this report:

Director of Audits:	Thomas J. Kremer, CPA
Audit Manager:	Peggy Schler, CPA
In-Charge Auditor:	Lonnie Breeding III
Audit Staff:	Lori Melton



CLAIRE C. McCASKILL
Missouri State Auditor

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE
AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED
IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

To the County Commission
and
Officeholders of Harrison County, Missouri

We have audited the special-purpose financial statements of various funds of Harrison County, Missouri, as of and for the years ended December 31, 2000 and 1999, and have issued our report thereon dated March 29, 2001. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the special-purpose financial statements of various funds of Harrison County, Missouri, are free of material misstatement, we performed tests of the county's compliance with certain provisions of laws, regulations, contracts, and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*. However, we noted certain immaterial instances of noncompliance, which we have reported to the management of the county in the accompanying Letter on Other Matters.

Internal Control Over Financial Reporting

In planning and performing our audit of the special-purpose financial statements of various funds of Harrison County, Missouri, we considered the county's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the special-purpose financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of

the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the special-purpose financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted other matters involving the internal control over financial reporting, which we have reported to the management of the county in the accompanying Letter on Other Matters.

This report is intended for the information of the management of Harrison County, Missouri; federal awarding agencies and pass-through entities; and other applicable government officials. However, this report is a matter of public record and its distribution is not limited.

A handwritten signature in black ink, reading "Claire McCaskill". The signature is fluid and cursive, with the first name "Claire" and last name "McCaskill" clearly distinguishable.

Claire McCaskill
State Auditor

March 29, 2001 (fieldwork completion date)

Financial Statements

Exhibit A-1

HARRISON COUNTY, MISSOURI
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - VARIOUS FUNDS
YEAR ENDED DECEMBER 31, 2000

Fund	Cash, January 1	Receipts	Disbursements	Cash, December 31
General Revenue	\$ 81,069	773,063	798,052	56,080
Special Road and Bridge	1,791,952	1,824,265	1,550,439	2,065,778
Assessment	1,296	109,470	103,446	7,320
Law Enforcement Training	17,728	9,453	3,145	24,036
Prosecuting Attorney Training	8,082	2,484	1,695	8,871
Recorder's User Fees	6,090	4,393	1,141	9,342
Prosecuting Attorney Bad Check	10,169	11,785	15,927	6,027
Domestic Violence	0	445	445	0
Prosecuting Attorney Delinquent Tax	153	0	0	153
911	102,275	145,973	168,829	79,419
Lake Project	850,223	241,005	806,970	284,258
Crestview Nursing Home	322,283	131,076	86,630	366,729
Crestview Addition	89,447	107,516	92,102	104,861
Special Poor	74,506	8,981	11,647	71,840
Lottie Wilson Trust	26,793	1,473	900	27,366
Police Officer Standards Training	4,539	4,483	4,087	4,935
Local Emergency Planning Committee	9,071	396	0	9,467
Health Center	298,967	547,561	558,457	288,071
Law Library	9,157	5,245	23	14,379
Circuit Clerk's Interest	4,694	3,000	2,653	5,041
Total	\$ 3,708,494	3,932,067	4,206,588	3,433,973

The accompanying Notes to the Financial Statements are an integral part of this statement.

Exhibit A-2

HARRISON COUNTY, MISSOURI
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - VARIOUS FUNDS
YEAR ENDED DECEMBER 31, 1999

Fund	Cash, January 1	Receipts	Disbursements	Cash, December 31
General Revenue	\$ 124,542	743,983	787,456	81,069
Special Road and Bridge	1,957,027	1,523,020	1,688,095	1,791,952
Assessment	5,746	109,711	114,161	1,296
Law Enforcement Training	10,484	9,690	2,446	17,728
Prosecuting Attorney Training	5,980	2,566	464	8,082
Recorder's User Fees	2,214	4,897	1,021	6,090
Prosecuting Attorney Bad Check	10,843	14,381	15,055	10,169
Domestic Violence	0	430	430	0
Prosecuting Attorney Delinquent Tax	153	0	0	153
911	98,860	142,867	139,452	102,275
Lake Project	748,841	239,751	138,369	850,223
Crestview Nursing Home	325,095	115,846	118,658	322,283
Crestview Addition	42,658	140,491	93,702	89,447
Special Poor	75,003	8,614	9,111	74,506
Lottie Wilson Trust	26,099	1,294	600	26,793
Police Officer Standards Training	0	4,637	98	4,539
Local Emergency Planning Committee	8,725	346	0	9,071
Health Center	419,872	584,162	705,067	298,967
Law Library	8,599	5,400	4,842	9,157
Circuit Clerk's Interest	4,802	2,831	2,939	4,694
Total	\$ 3,875,543	3,654,917	3,821,966	3,708,494

The accompanying Notes to the Financial Statements are an integral part of this statement.

Exhibit B

HARRISON COUNTY, MISSOURI

COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUNDS

Year Ended December 31,						
	2000			1999		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<u>TOTALS - VARIOUS FUNDS</u>						
RECEIPTS	\$ 3,495,031	3,932,067	521,310	3,467,503	3,650,280	182,777
DISBURSEMENTS	5,566,392	4,206,588	1,359,804	4,928,244	3,821,868	1,106,376
RECEIPTS OVER (UNDER) DISBURSEMENTS	(2,071,361)	(274,521)	(838,494)	(1,460,741)	(171,588)	(923,599)
CASH, JANUARY 1	3,708,675	3,708,341	(334)	3,875,378	3,875,390	12
CASH, DECEMBER 31	1,637,314	3,433,820	1,694,134	2,414,637	3,703,802	1,289,165
<u>GENERAL REVENUE FUND</u>						
RECEIPTS						
Property taxes	263,000	274,269	(11,269)	244,400	256,370	11,970
Sales taxes	200,000	208,493	(8,493)	185,100	196,579	11,479
Intergovernmental	24,400	24,900	(500)	28,650	37,818	9,168
Charges for services	206,500	205,864	636	240,500	198,618	(41,882)
Interest	10,000	10,205	(205)	14,000	8,426	(5,574)
Other	46,300	49,332	(3,032)	50,501	46,172	(4,329)
Transfers in	65,000	0	65,000	35,000	0	(35,000)
Total Receipts	815,200	773,063	42,137	798,151	743,983	(54,168)
DISBURSEMENTS						
County Commission	71,001	69,663	1,338	72,001	70,803	1,198
County Clerk	65,152	61,456	3,696	65,106	60,485	4,621
Elections	73,843	47,155	26,688	36,790	30,033	6,757
Buildings and grounds	61,350	59,350	2,000	84,706	61,582	23,124
Employee fringe benefits	40,000	34,054	5,946	40,000	32,218	7,782
County Treasurer and Ex Officio Collector	54,783	54,199	584	55,815	54,903	912
Ex Officio Recorder of Deeds	27,460	20,583	6,877	24,880	22,258	2,622
Associate Circuit Court	3,550	3,550	0	10,762	10,182	580
Court administration	8,602	6,519	2,083	13,602	7,020	6,582
Public Administrator	41,906	46,913	(5,007)	34,038	27,135	6,903
Sheriff	176,096	166,319	9,777	161,511	145,174	16,337
Jail	34,000	26,338	7,662	36,000	29,643	6,357
Prosecuting Attorney	60,936	58,408	2,528	67,186	58,423	8,763
Juvenile Officer	31,792	10,122	21,670	45,399	28,961	16,438
County Coroner	12,410	10,297	2,113	13,340	12,339	1,001
Insurance	60,000	58,909	1,091	50,000	50,000	0
University Extension	26,344	27,094	(750)	39,252	42,431	(3,179)
Other	15,150	12,864	2,286	21,750	11,731	10,019
Transfers out	0	800	(800)	0	800	(800)
Emergency Fund	27,000	23,459	3,541	40,000	31,335	8,665
Total Disbursements	891,375	798,052	93,323	912,138	787,456	124,682
RECEIPTS OVER (UNDER) DISBURSEMENTS	(76,175)	(24,989)	(51,186)	(113,987)	(43,473)	70,514
CASH, JANUARY 1	81,069	81,069	0	124,542	124,542	0
CASH, DECEMBER 31	4,894	56,080	(51,186)	10,555	81,069	70,514

Exhibit B

HARRISON COUNTY, MISSOURI

COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUNDS

	Year Ended December 31,					
	2000			1999		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<u>SPECIAL ROAD AND BRIDGE FUND</u>						
RECEIPTS						
Sales taxes	370,000	416,549	46,549	370,000	393,099	23,099
Intergovernmental	875,000	1,241,359	366,359	868,000	1,001,400	133,400
Charges for services	25,000	24,313	(687)	25,000	36,534	11,534
Interest	60,000	99,813	39,813	60,000	79,729	19,729
Other	500	42,231	41,731	14,500	12,258	(2,242)
Total Receipts	1,330,500	1,824,265	493,765	1,337,500	1,523,020	185,520
DISBURSEMENTS						
Salaries	213,540	170,394	43,146	184,580	184,580	0
Employee fringe benefits	67,000	28,801	38,199	54,500	40,829	13,671
Supplies	12,000	14,991	(2,991)	12,000	29,174	(17,174)
Road and bridge materials	410,000	209,566	200,434	340,000	268,607	71,393
Equipment repairs	40,000	9,339	30,661	20,000	8,954	11,046
Equipment purchases	100,000	52,916	47,084	50,000	40,340	9,660
Construction, repair, and maintenance	1,480,500	1,024,819	455,681	1,255,500	1,024,364	231,136
Insurance	0	12,805	(12,805)			
Miscellaneous	50,000	3,066	46,934	50,000	3,380	46,620
Emergency	100,000	262	99,738	500,000	4,188	495,812
Building and land acquisition	70,000	17,354	52,646	70,000	80,162	(10,162)
Utilities	10,000	5,896	4,104	10,000	3,517	6,483
Transfers out	65,000	230	64,770	40,000	0	40,000
Total Disbursements	2,618,040	1,550,439	1,067,601	2,586,580	1,688,095	898,485
RECEIPTS OVER (UNDER) DISBURSEMENTS	(1,287,540)	273,826	1,561,366	(1,249,080)	(165,075)	1,084,005
CASH, JANUARY 1	1,792,385	1,791,952	(433)	1,957,027	1,957,027	0
CASH, DECEMBER 31	504,845	2,065,778	1,560,933	707,947	1,791,952	1,084,005
<u>ASSESSMENT FUND</u>						
RECEIPTS						
Intergovernmental	117,300	105,093	(12,207)	114,215	105,917	(8,298)
Interest	2,000	909	(1,091)	1,740	756	(984)
Other	6,475	3,468	(3,007)	5,400	3,038	(2,362)
Total Receipts	125,775	109,470	(16,305)	121,355	109,711	(11,644)
DISBURSEMENTS						
Assessor	127,049	103,446	23,603	127,049	114,161	12,888
Total Disbursements	127,049	103,446	23,603	127,049	114,161	12,888
RECEIPTS OVER (UNDER) DISBURSEMENTS	(1,274)	6,024	7,298	(5,694)	(4,450)	1,244
CASH, JANUARY 1	1,296	1,296	0	5,746	5,746	0
CASH, DECEMBER 31	22	7,320	7,298	52	1,296	1,244

Exhibit B

HARRISON COUNTY, MISSOURI

COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUNDS

	Year Ended December 31,					
	2000			1999		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<u>LAW ENFORCEMENT TRAINING FUND</u>						
RECEIPTS						
Charges for services	6,000	8,269	2,269	6,000	9,073	3,073
Interest	300	1,184	884	300	617	317
Total Receipts	6,300	9,453	3,153	6,300	9,690	3,390
DISBURSEMENTS						
Sheriff	7,000	3,145	3,855	7,000	2,446	4,554
Total Disbursements	7,000	3,145	3,855	7,000	2,446	4,554
RECEIPTS OVER (UNDER) DISBURSEMENTS	(700)	6,308	7,008	(700)	7,244	7,944
CASH, JANUARY 1	17,728	17,728	0	10,484	10,484	0
CASH, DECEMBER 31	17,028	24,036	7,008	9,784	17,728	7,944
<u>PROSECUTING ATTORNEY TRAINING FUND</u>						
RECEIPTS						
Charges for services	1,800	2,058	258	1,800	2,270	470
Interest	200	426	226	200	296	96
Total Receipts	2,000	2,484	484	2,000	2,566	566
DISBURSEMENTS						
Prosecuting Attorney	4,000	1,695	2,305	1,000	464	536
Total Disbursements	4,000	1,695	2,305	1,000	464	536
RECEIPTS OVER (UNDER) DISBURSEMENTS	(2,000)	789	2,789	1,000	2,102	1,102
CASH, JANUARY 1	8,082	8,082	0	5,980	5,980	0
CASH, DECEMBER 31	6,082	8,871	2,789	6,980	8,082	1,102
<u>RECORDER'S USER FEES FUND</u>						
RECEIPTS						
Charges for services	4,000	3,936	(64)	4,000	4,776	776
Interest	25	457	432	25	121	96
Total Receipts	4,025	4,393	368	4,025	4,897	872
DISBURSEMENTS						
Ex Officio Recorder of Deeds	3,150	1,141	2,009	1,500	1,021	479
Total Disbursements	3,150	1,141	2,009	1,500	1,021	479
RECEIPTS OVER (UNDER) DISBURSEMENTS	875	3,252	2,377	2,525	3,876	1,351
CASH, JANUARY 1	6,090	6,090	0	2,214	2,214	0
CASH, DECEMBER 31	6,965	9,342	2,377	4,739	6,090	1,351

Exhibit B

HARRISON COUNTY, MISSOURI

COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUNDS

	Year Ended December 31,					
	2000			1999		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<u>PROSECUTING ATTORNEY</u>						
<u>BAD CHECK FUND</u>						
RECEIPTS						
Charges for services	13,500	11,288	(2,212)	13,500	13,891	391
Interest	450	497	47	500	490	(10)
Total Receipts	13,950	11,785	(2,165)	14,000	14,381	381
DISBURSEMENTS						
Prosecuting Attorney	17,346	15,927	1,419	12,646	15,055	(2,409)
Total Disbursements	17,346	15,927	1,419	12,646	15,055	(2,409)
RECEIPTS OVER (UNDER) DISBURSEMENTS	(3,396)	(4,142)	(746)	1,354	(674)	(2,028)
CASH, JANUARY 1	10,169	10,169	0	10,843	10,843	0
CASH, DECEMBER 31	6,773	6,027	(746)	12,197	10,169	(2,028)
<u>DOMESTIC VIOLENCE FUND</u>						
RECEIPTS						
Charges for services	400	445	45	400	430	30
Total Receipts	400	445	45	400	430	30
DISBURSEMENTS						
Women and children abuse center	400	445	(45)	400	430	(30)
Total Disbursements	400	445	(45)	400	430	(30)
RECEIPTS OVER (UNDER) DISBURSEMENTS	0	0	0	0	0	0
CASH, JANUARY 1	0	0	0	0	0	0
CASH, DECEMBER 31	0	0	0	0	0	0
<u>911 FUND</u>						
RECEIPTS						
Charges for services	94,601	97,119	2,518	90,000	95,151	5,151
Interest	2,000	4,977	2,977	2,000	4,314	2,314
Other	43,000	43,877	877	43,402	43,402	0
Total Receipts	139,601	145,973	6,372	135,402	142,867	7,465
DISBURSEMENTS						
Salaries and employee benefits	115,648	126,622	(10,974)	95,830	99,620	(3,790)
Telephone	40,000	28,911	11,089	40,000	34,607	5,393
Equipment	25,000	4,500	20,500	3,000	3,000	0
Other	7,450	8,796	(1,346)	4,400	2,225	2,175
Total Disbursements	188,098	168,829	19,269	143,230	139,452	3,778
RECEIPTS OVER (UNDER) DISBURSEMENTS	(48,497)	(22,856)	25,641	(7,828)	3,415	11,243
CASH, JANUARY 1	102,275	102,275	0	98,860	98,860	0
CASH, DECEMBER 31	53,778	79,419	25,641	91,032	102,275	11,243

Exhibit B

HARRISON COUNTY, MISSOURI

COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUNDS

	Year Ended December 31,					
	2000			1999		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<u>LAKE PROJECT FUND</u>						
RECEIPTS						
Sales taxes	200,000	208,492	8,492	180,000	196,579	16,579
Interest	30,000	28,886	(1,114)	30,000	40,053	10,053
Other	2,690	3,627	937	2,170	3,119	949
Total Receipts	232,690	241,005	8,315	212,170	239,751	27,581
DISBURSEMENTS						
Bond payment	765,626	766,928	(1,302)	102,903	103,369	(466)
Maintenance	0	0	0	35,000	35,000	0
Construction	75,000	40,042	34,958	0	0	0
Total Disbursements	840,626	806,970	33,656	137,903	138,369	(466)
RECEIPTS OVER (UNDER) DISBURSEMENTS	(607,936)	(565,965)	41,971	74,267	101,382	27,115
CASH, JANUARY 1	850,223	850,223	0	748,841	748,841	0
CASH, DECEMBER 31	242,287	284,258	41,971	823,108	850,223	27,115
<u>CRESTVIEW NURSING HOME FUND</u>						
RECEIPTS						
Interest	13,000	19,009	6,009	12,500	13,071	571
Other	103,000	112,067	9,067	120,000	102,775	(17,225)
Total Receipts	116,000	131,076	15,076	132,500	115,846	(16,654)
DISBURSEMENTS						
Bond payment	82,068	82,068	0	82,068	88,907	(6,839)
Repairs and replacement	50,000	4,562	45,438	50,000	29,751	20,249
Total Disbursements	132,068	86,630	45,438	132,068	118,658	13,410
RECEIPTS OVER (UNDER) DISBURSEMENTS	(16,068)	44,446	60,514	432	(2,812)	(3,244)
CASH, JANUARY 1	322,283	322,283	0	325,095	325,095	0
CASH, DECEMBER 31	306,215	366,729	60,514	325,527	322,283	(3,244)
<u>CRESTVIEW ADDITION FUND</u>						
RECEIPTS						
Interest	1,000	4,894	3,894	1,000	3,066	2,066
Other	95,000	102,622	7,622	95,000	137,425	42,425
Total Receipts	96,000	107,516	11,516	96,000	140,491	44,491
DISBURSEMENTS						
Bond payment	120,000	92,102	27,898	120,000	93,702	26,298
Total Disbursements	120,000	92,102	27,898	120,000	93,702	26,298
RECEIPTS OVER (UNDER) DISBURSEMENTS	(24,000)	15,414	39,414	(24,000)	46,789	70,789
CASH, JANUARY 1	89,447	89,447	0	42,658	42,658	0
CASH, DECEMBER 31	65,447	104,861	39,414	18,658	89,447	70,789

Exhibit B

HARRISON COUNTY, MISSOURI
COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUNDS

	Year Ended December 31,					
	2000			1999		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<u>SPECIAL POOR FUND</u>						
RECEIPTS						
Interest	3,000	3,956	956	3,000	3,524	524
Other	5,000	5,025	25	5,000	5,090	90
Total Receipts	8,000	8,981	981	8,000	8,614	614
DISBURSEMENTS						
Assistance programs	18,250	11,647	6,603	18,250	9,111	9,139
Total Disbursements	18,250	11,647	6,603	18,250	9,111	9,139
RECEIPTS OVER (UNDER) DISBURSEMENTS	(10,250)	(2,666)	7,584	(10,250)	(497)	9,753
CASH, JANUARY 1	74,506	74,506	0	75,003	75,003	0
CASH, DECEMBER 31	64,256	71,840	7,584	64,753	74,506	9,753
<u>LOTTIE WILSON TRUST FUND</u>						
RECEIPTS						
Interest	1,200	1,473	273	1,300	1,294	(6)
Total Receipts	1,200	1,473	273	1,300	1,294	(6)
DISBURSEMENTS						
Assistance to indigent	900	900	0	900	600	300
Total Disbursements	900	900	0	900	600	300
RECEIPTS OVER (UNDER) DISBURSEMENTS	300	573	273	400	694	294
CASH, JANUARY 1	26,793	26,793	0	26,099	26,099	0
CASH, DECEMBER 31	27,093	27,366	273	26,499	26,793	294
<u>POLICE OFFICER STANDARDS TRAINING FUND</u>						
RECEIPTS						
Intergovernmental	4,000	4,087	87			
Interest	2,000	396	(1,604)			
Total Receipts	6,000	4,483	(1,517)			
DISBURSEMENTS						
Sheriff	3,000	4,087	(1,087)			
Total Disbursements	3,000	4,087	(1,087)			
RECEIPTS OVER (UNDER) DISBURSEMENTS	3,000	396	(2,604)			
CASH, JANUARY 1	4,539	4,539	0			
CASH, DECEMBER 31	7,539	4,935	(2,604)			
<u>LOCAL EMERGENCY PLANNING COMMITTEE FUND</u>						
RECEIPTS						
Interest	300	396	96	300	346	46
Other	0	0	0	2,000	0	(2,000)
Total Receipts	300	396	96	2,300	346	(1,954)
DISBURSEMENTS						
Emergency planning	2,000	0	2,000	2,000	0	2,000
Total Disbursements	2,000	0	2,000	2,000	0	2,000
RECEIPTS OVER (UNDER) DISBURSEMENTS	(1,700)	396	2,096	300	346	46
CASH, JANUARY 1	9,071	9,071	0	8,725	8,725	0
CASH, DECEMBER 31	7,371	9,467	2,096	9,025	9,071	46

Exhibit B

HARRISON COUNTY, MISSOURI

COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUNDS

	Year Ended December 31,					
	2000			1999		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<u>HEALTH CENTER FUND</u>						
RECEIPTS						
Property taxes	103,000	106,748	3,748	102,435	102,754	319
Intergovernmental	95,250	89,644	(5,606)	95,000	91,709	(3,291)
Charges for services	373,840	335,611	(38,229)	371,955	373,123	1,168
Interest	17,000	15,558	(1,442)	20,210	16,576	(3,634)
Total Receipts	589,090	547,561	(41,529)	589,600	584,162	(5,438)
DISBURSEMENTS						
Salaries and employee benefits	383,750	358,149	25,601	487,200	464,219	22,981
Office expense	47,665	48,490	(825)	46,989	48,105	(1,116)
Office equipment	0	1,759	(1,759)	6,000	4,011	1,989
Mileage and training	26,805	20,381	6,424	37,210	32,388	4,822
Medicare refunds	35,000	10,293	24,707	34,900	34,900	0
Professional fees	77,870	90,293	(12,423)	92,392	100,277	(7,885)
Medical supplies	18,000	29,092	(11,092)	15,889	21,167	(5,278)
Total Disbursements	589,090	558,457	30,633	720,580	705,067	15,513
RECEIPTS OVER (UNDER) DISBURSEMENTS	0	(10,896)	(10,896)	(130,980)	(120,905)	10,075
CASH, JANUARY 1	298,967	298,967	0	419,872	419,872	0
CASH, DECEMBER 31	298,967	288,071	(10,896)	288,892	298,967	10,075
<u>LAW LIBRARY FUND</u>						
RECEIPTS						
Charges for services	5,000	5,245	245	3,500	5,400	1,900
Total Receipts	5,000	5,245	245	3,500	5,400	1,900
DISBURSEMENTS						
Law library	1,000	23	977	3,500	4,842	(1,342)
Total Disbursements	1,000	23	977	3,500	4,842	(1,342)
RECEIPTS OVER (UNDER) DISBURSEMENTS	4,000	5,222	1,222	0	558	558
CASH, JANUARY 1	9,158	9,157	(1)	8,944	8,599	(345)
CASH, DECEMBER 31	13,158	14,379	1,221	8,944	9,157	213
<u>CIRCUIT CLERK'S INTEREST FUND</u>						
RECEIPTS						
Interest	3,000	3,000	0	3,000	2,831	(169)
Total Receipts	3,000	3,000	0	3,000	2,831	(169)
DISBURSEMENTS						
Circuit Clerk	3,000	2,653	347	1,500	2,939	(1,439)
Total Disbursements	3,000	2,653	347	1,500	2,939	(1,439)
RECEIPTS OVER (UNDER) DISBURSEMENTS	0	347	347	1,500	(108)	(1,608)
CASH, JANUARY 1	4,594	4,694	100	4,445	4,802	357
CASH, DECEMBER 31	\$ 4,594	5,041	447	5,945	4,694	(1,251)

The accompanying Notes to the Financial Statements are an integral part of this statement.

Notes to the Financial Statements

HARRISON COUNTY, MISSOURI
NOTES TO THE FINANCIAL STATEMENTS

1. Summary of Significant Accounting Policies

A. Reporting Entity and Basis of Presentation

The accompanying special-purpose financial statements present the receipts, disbursements, and changes in cash of various funds of Harrison County, Missouri, and comparisons of such information with the corresponding budgeted information for various funds of the county. The funds presented are established under statutory or administrative authority, and their operations are under the control of the County Commission, an elected county official, or the Health Center Board of Trustees. The General Revenue Fund is the county's general operating fund, accounting for all financial resources except those required to be accounted for in another fund. The other funds presented account for financial resources whose use is restricted for specified purposes.

B. Basis of Accounting

The financial statements are prepared on the cash basis of accounting; accordingly, amounts are recognized when received or disbursed in cash. This basis of accounting differs from accounting principles generally accepted in the United States of America, which require revenues to be recognized when they become available and measurable or when they are earned and expenditures or expenses to be recognized when the related liabilities are incurred.

C. Budgets and Budgetary Practices

The County Commission and other applicable boards are responsible for the preparation and approval of budgets for various county funds in accordance with Sections 50.525 through 50.745, RSMo 2000, the county budget law. These budgets are adopted on the cash basis of accounting.

Although adoption of a formal budget is required by law, the county did not adopt a formal budget for the Peace Officer Standards Training Fund for the year ended December 31, 1999.

Warrants issued were in excess of budgeted amounts for the following funds:

<u>Fund</u>	<u>Years Ended December 31,</u>
Prosecuting Attorney Bad Check Fund	1999
Domestic Violence Fund	2000 and 1999
Lake Project Fund	1999
Police Officer Standards Training	2000

<u>Fund</u>	<u>Years Ended December 31,</u>
Law Library Fund	1999
Circuit Clerk's Interest Fund	1999

Section 50.740, RSMo 2000, prohibits expenditures in excess of the approved budgets.

D. Published Financial Statements

Under Sections 50.800 and 50.810, RSMo 2000, the County Commission is responsible for preparing and publishing in a local newspaper a detailed annual financial statement for the county. The financial statement is required to show receipts or revenues, disbursements or expenditures, and beginning and ending balances for each fund.

However, the county's published financial statements for the years ended December 31, 2000 and 1999, did not include the Law Library Fund and the Circuit Clerk's Interest Fund.

2. Cash

Section 110.270, RSMo 2000, based on Article IV, Section 15, Missouri Constitution, authorizes counties to place their funds, either outright or by repurchase agreement, in U.S. Treasury and agency obligations. In addition, Section 30.950, RSMo 2000, requires political subdivisions with authority to invest in instruments other than depositary accounts at financial institutions to adopt a written investment policy. Among other things, the policy is to commit a political subdivision to the principles of safety, liquidity, and yield (in that order) when managing public funds and to prohibit purchase of derivatives (either directly or through repurchase agreements), use of leveraging (through either reverse repurchase agreements or other methods), and use of public funds for speculation. The county has not adopted such a policy.

In accordance with Statement No. 3 of the Governmental Accounting Standards Board, *Deposits with Financial Institutions, Investments (Including Repurchase Agreements), and Reverse Repurchase Agreements*, disclosures are provided below regarding the risk of potential loss of cash deposits. For the purposes of these disclosures, deposits with financial institutions are demand, time, and savings accounts, including certificates of deposit and negotiable order of withdrawal accounts, in banks, savings institutions, and credit unions.

The county's deposits at December 31, 2000 and 1999, were entirely covered by federal depositary insurance, commercial insurance provided through a guaranty bond, or by collateral securities held by the agent of the county in the county's name.

The Health Center Board's deposits at December 31, 2000 and 1999, were entirely covered by federal depositary insurance or by collateral securities held by the agent of the health center in the Health Center Board's name.

3. Liability

At December 31, 2000, the General Revenue Fund owed the school districts \$105,940. The liability resulted because fees on bonds were not always charged in accordance with state law. This amount was paid to the various school districts in April 2001.

Supplementary Schedule

Schedule

HARRISON COUNTY, MISSOURI
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Federal CFDA Number	Federal Grantor/Pass-Through Grantor/Program Title	Pass-Through Entity Identifying Number	Federal Expenditures	
			Year Ended December 31,	
			2000	1999
U. S. DEPARTMENT OF AGRICULTURE				
10.069	Direct Program - Conservation Reserve Program		\$ 2,090	2,090
	Passed through state:			
	Department of Health -			
10.557	Special Supplemental Nutrition Program for Women, Infants, and Children	ERS0451140W ER0045-0140 ER0045-9140	25,372	26,635
U. S. DEPARTMENT OF TRANSPORTATION				
	Passed through state Highway and Transportation Commission:			
20.205	Highway Planning and Construction	BRO 041 (19)	205,060	148,680
		BRO 041 (20)	110,028	61,010
		BRO 041 (21)	0	195,419
		BRO 041 (22)	15,998	0
		BRO 041 (23)	17,898	0
		BRO 041 (24)	19,273	0
	Program Total		368,257	405,109
GENERAL SERVICES ADMINISTRATION				
	Passed through state Office of Administration -			
39.003	Donation of Federal Surplus Personal Property	N/A	531	3,603
U. S. DEPARTMENT OF HEALTH AND HUMAN SERVICES				
	Passed through state:			
	Department of Health -			
93.268	Immunization Grants	N/A PG0064-9140IAP	20,872 0	14,260 900
	Department of Health -			
93.575	Child Care and Development Block Grant	PGA067-1140D PGA067-0140C ERO146-9140 CCH&SCS PGA067-1140S PGA067-0140S	1,938	1,185

Schedule

HARRISON COUNTY, MISSOURI
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Federal CFDA Number	Federal Grantor/Pass-Through Grantor/Program Title	Pass-Through Entity Identifying Number	Federal Expenditures	
			Year Ended December 31,	
			2000	1999
	Department of Health -			
93.991	Preventive Health Services Block Grant	N/A	214	170
93.994	Maternal and Child Health Services Block Grant to the States	N/A	1,074	849
		ERS146-1140M		
		ERS146-0140M		
		ERO146-9140MCH	10,671	14,328
	Program Total		11,745	15,177
	Total Expenditures of Federal Awards		\$ 431,019	469,129

The accompanying Notes to the Supplementary Schedule are an integral part of this schedule.

Notes to the Supplementary Schedule

HARRISON COUNTY, MISSOURI
NOTES TO THE SUPPLEMENTARY SCHEDULE

1. Summary of Significant Accounting Policies

A. Purpose of Schedule and Reporting Entity

The accompanying Schedule of Expenditures of Federal Awards has been prepared to comply with the requirements of OMB Circular A-133. This circular requires a schedule that provides total federal awards expended for each federal program and the Catalog of Federal Domestic Assistance (CFDA) number or other identifying number when the CFDA information is not available.

The schedule includes all federal awards administered by Harrison County, Missouri.

B. Basis of Presentation

OMB Circular A-133 includes these definitions, which govern the contents of the schedule:

Federal financial assistance means assistance that non-Federal entities receive or administer in the form of grants, loans, loan guarantees, property (including donated surplus property), cooperative agreements, interest subsidies, insurance, food commodities, direct appropriations, and other assistance, but does not include amounts received as reimbursement for services rendered to individuals

Federal award means Federal financial assistance and Federal cost-reimbursement contracts that non-Federal entities receive directly from Federal awarding agencies or indirectly from pass-through entities. It does not include procurement contracts, under grants or contracts, used to buy goods or services from vendors.

Accordingly, the schedule includes expenditures of both cash and noncash awards.

C. Basis of Accounting

Except as noted below, the schedule is presented on the cash basis of accounting, which recognizes amounts only when disbursed in cash.

Amounts for the Donation of Federal Surplus Personal Property (CFDA number 39.003 represent the estimated fair market value of property at the time of receipt.

Of the amounts for Immunization Grants (CFDA number 93.268), \$18,039 and \$14,260 represent the original acquisition cost of vaccines purchased by the Centers for Disease Control of the U.S. Department of Health and Human Services but distributed to the Health Center through the state Department of Health during the year ended December 31, 2000 and 1999. Of the amounts for the Preventive Health and Health Services Block Grant (CFDA number 93.991), \$214 and \$170 represent the original acquisition cost of vaccines received by the Health Center through the state Department of Health during the years ended December 31, 2000 and 1999. Of the amounts for the Maternal and Child Health Services Block Grant to the States (CFDA number 93.994), \$1,074 and \$849 also represent the original acquisition cost of vaccines received by the Health Center through the state Department of Health during the years ended December 31, 2000 and 1999. The remaining amount for Immunization Grants, the Preventive Health and Health Services Block Grant, and the Maternal and Child Health Services Block Grant to the States represent cash disbursements.

2. Subrecipients

The county provided no federal awards to subrecipients during the years ended December 31, 2000 and 1999.

FEDERAL AWARDS -
SINGLE AUDIT SECTION

State Auditor's Report



CLAIRE C. McCASKILL
Missouri State Auditor

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH
REQUIREMENTS APPLICABLE TO EACH MAJOR PROGRAM AND ON INTERNAL
CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133**

To the County Commission
and
Officeholders of Harrison County, Missouri

Compliance

We have audited the compliance of Harrison County, Missouri, with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to its major federal program for the years ended December 31, 2000 and 1999. The county's major federal program is identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to its major federal program is the responsibility of the county's management. Our responsibility is to express an opinion on the county's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the county's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the county's compliance with those requirements.

In our opinion, Harrison County, Missouri, complied, in all material respects, with the requirements referred to above that are applicable to its major federal program for the years ended December 31, 2000 and 1999. However, the results of our auditing procedures disclosed instances of noncompliance with those requirements, which are required to be reported in accordance with OMB Circular A-133 and which are described in the accompanying Schedule of Findings and Questioned Costs as finding number 00-1.

Internal Control Over Compliance

The management of Harrison County, Missouri, is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the county's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on the internal control over compliance in accordance with OMB Circular A-133.

We noted certain matters involving the internal control over compliance and its operation that we consider to be reportable conditions. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over compliance that, in our judgment, could adversely affect the county's ability to administer a major federal program in accordance with the applicable requirements of laws, regulations, contracts, and grants. Reportable conditions are described in the accompanying Schedule of Findings and Questioned Costs as finding number 00-1.

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with the applicable requirements of laws, regulations, contracts, and grants that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, we believe that none of the reportable conditions described above are material weaknesses.

This report is intended for the information of the management of Harrison County, Missouri; federal awarding agencies and pass-through entities; and other applicable government officials. However, this report is a matter of public record and its distribution is not limited.



Claire McCaskill
State Auditor

March 29, 2001 (fieldwork completion date)

Schedule

HARRISON COUNTY, MISSOURI
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(INCLUDING MANAGEMENT'S PLAN FOR CORRECTIVE ACTION)
YEARS ENDED DECEMBER 31, 2000 AND 1999

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued: Unqualified

Internal control over financial reporting:

Material weaknesses identified? yes x no

Reportable conditions identified that are
not considered to be material weaknesses? yes x none reported

Noncompliance material to the financial statements
noted? yes x no

Federal Awards

Internal control over major program:

Material weaknesses identified? yes x no

Reportable conditions identified that are
not considered to be material weaknesses? x yes none reported

Type of auditor's report issued on compliance for
major program: Unqualified

Any audit findings disclosed that are required to be
reported in accordance with Section .510(a) of OMB
Circular A-133? x yes no

Identification of major program.

CFDA or Other Identifying Number	<u>Program Title</u>
20.205	Highway Planning and Construction

Dollar threshold used to distinguish between Type A and Type B programs:

\$300,000

Auditee qualified as a low-risk auditee?

_____ yes x no

Section II - Financial Statement Findings

This section includes no audit findings that *Government Auditing Standards* requires to be reported for an audit of financial statements.

Section III - Federal Award Findings and Questioned Costs

This section includes the audit finding that Section .510(a) of OMB Circular A-133 requires to be reported for an audit of federal awards.

00-1.

Federal Awards

Federal Grantor:	U.S. Department of Transportation
Pass-Through Grantor:	State Highway and Transportation Commission
Federal CFDA Number:	20.205
Program Title:	Highway Planning and Construction
Pass-Through Entity	
Identifying Number:	BRO-041(19), BRO-041(20), BRO-041(21), BRO-041(22), BRO-041(23) & BRO-041(24)
Award Year:	2000 and 1999
Questioned Costs:	\$30,864

- A. Section .310(b) of Circular A-133, *Audits of State and Local Governments, and Non-Profit Organizations*, requires the auditee to prepare a schedule of expenditures of federal awards (SEFA) for the period covered by the auditee's financial statements.

The county's procedures for tracking federal assistance are not adequate. The county prepared a SEFA for the years ended December 31, 2000 and 1999; however, the schedule contained a number of errors and omissions. For example, the schedule included the county match for some federal programs. In addition, some expenditures were reported on the SEFA in the wrong year. Expenditures were overstated approximately \$118,000 and \$128,000 for the years ended December 31, 2000 and 1999, respectively.

Without an accurate SEFA, federal financial activity may not be audited and reported in accordance with federal audit requirements which could result in future reductions of federal funds.

- B. The county has not established cash management procedures to ensure the minimum time elapses between its receipt of federal project monies and the distribution of such

monies to contractors. We noted four reimbursements: \$58,606, \$19,273, \$8,266, and \$7,350 being held 34, 19, 90, and 51 days, respectively. While the liability was incurred prior to reimbursement, payment was not made to the contractor in a timely manner.

Section 6.2.2 of the Cash Management Improvement Act Agreement between the State of Missouri and the Secretary of the Treasury, United States Department of the Treasury, states that funds shall be requested such that they are received not more than two days prior to their disbursement.

- C. The county incurred engineering costs of \$38,580 for project BRO-041(19). There was no documentation that the County Commission considered other engineering firms when procuring these services.

Sections 8.289 and 8.291, RSMo 2000, provide that when obtaining engineering services for any capital improvement project, at least three highly qualified firms should be considered. The firms should be evaluated based upon specified criteria including experience and technical competence, capacity and capability of the firm to perform the work in question, past record of performance, and the firm's proximity to and familiarity with the area in which the project is located. As a result, we have questioned costs of \$30,864, which is the federal share of engineering costs for this project.

WE RECOMMEND the County Commission:

- A. And the County Clerk ensure all federal award expenditure amounts are properly recorded on the Schedule of Expenditures of Federal Awards.
- B. Establish procedures to minimize the time between the receipt of federal monies and disbursement of such funds to comply with federal requirements.
- C. Resolve the questioned costs with the grantor agency. In addition, the County Commission should obtain information as required by law when contracting for professional services.

AUDITEE'S RESPONSE AND PLAN FOR CORRECTIVE ACTION

- A. *The County Commission and County Clerk will implement the recommendation.*
- B. *The County Commission will implement the recommendation. In the future, disbursements will comply with federal requirements. The time lags resulted from problems with the construction projects.*
- C. *The County Commission will contact the grantor agency and resolve the questioned costs within the next three months. The County Commission will comply with state law on future projects.*

Follow-Up on Prior Audit Findings for an
Audit of Financial Statements Performed in Accordance
With *Government Auditing Standards*

HARRISON COUNTY, MISSOURI
FOLLOW-UP ON PRIOR AUDIT FINDINGS FOR AN
AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE
WITH *GOVERNMENT AUDITING STANDARDS*

Our prior audit report issued for the two years ended December 31, 1998, included no audit findings that *Government Auditing Standards* requires to be reported for an audit of financial statements.

Summary Schedule of Prior Audit Findings
in Accordance With OMB Circular A-133

HARRISON COUNTY, MISSOURI
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
IN ACCORDANCE WITH OMB CIRCULAR A-133

Section .315 of OMB Circular A-133 requires the auditee to prepare a Summary Schedule of Prior Audit Findings to report the status of all findings that are relative to federal awards and included in the prior audit report's Schedule of Findings and Questioned Costs. The summary schedule also must include findings reported in the prior audit's Summary Schedule of Prior Audit Findings, except those listed as corrected, no longer valid, or not warranting further action.

Section .500(e) of OMB Circular A-133 requires the auditor to follow up on these prior audit findings; to perform procedures to assess the reasonableness of the Summary Schedule of Prior Audit Findings; and to report, as a current year finding, when the auditor concludes that the schedule materially misrepresents the status of any prior findings.

Our prior audit report issued for the two years ended December 31, 1998, included no audit findings that Section .510(a) of OMB Circular A-133 requires to be reported for an audit of federal awards.

SECTION ON OTHER MATTERS

HARRISON COUNTY, MISSOURI
LETTER ON OTHER MATTERS

We have audited the special-purpose financial statements of various funds of Harrison County, Missouri, as of and for the years ended December 31, 2000 and 1999, and have issued our report thereon dated March 29, 2001. We also have audited the compliance of Harrison County, Missouri, with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to its major federal program for the years ended December 31, 2000 and 1999, and have issued our report thereon dated March 29, 2001.

We did not audit the operations of elected officials with funds other than those presented in the special-purpose financial statements. The operations of such officials will be audited and reported on during the state auditor's next scheduled audit of the county.

This Letter on Other Matters presents matters other than the findings, if any, reported in the accompanying Schedule of Findings and Questioned Costs. These matters resulted from our audits of the special-purpose financial statements of Harrison County and of its compliance with the types of compliance requirements applicable to its major federal program but do not meet the criteria for inclusion in the written reports on compliance and on internal control over financial reporting or compliance that are required for audits performed in accordance with *Government Auditing Standards* and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Nevertheless, the county should consider these matters and take appropriate corrective action.

1. Financial Condition – General Revenue Fund

The county's General Revenue Fund reflects a weakening financial trend. The following shows receipts, disbursements, and ending cash balances for the two years ended December 31, 2000.

Cash Balance, January 1, 1999	\$ 124,542
Receipts	743,983
Disbursements	<u>(787,456)</u>
Cash Balance, December 31, 1999	81,069
Receipts	773,063
Disbursements	<u>(798,052)</u>
Cash Balance, December 31, 2000	\$ <u>56,080</u>

The 2001 budget reflects an anticipated ending cash balance of \$7,289. In addition, \$105,940 was paid to schools in April 2001 as a result of a liability noted in our prior report.

2. Financial Condition – 911 Fund

The financial condition of the 911 Fund is declining because of increasing operating costs. The cash balance at December 31, 2000, was \$79,419 and the 2001 budget projects an ending fund balance of \$14,869. The County Commission should monitor revenues, expenditures, and the financial condition of this fund.

The county provides dispatching services for a number of entities and does not recover the majority of the related costs. The county provides dispatching services to a city, two ambulance districts, and six fire districts. However, only two of these entities pay the county for 911 services. The contracts have not been updated since 1994 for the two entities which do pay the county for 911 services. Our review of estimated usage and costs associated with these services revealed that one entity is paying only approximately one-third of the estimated costs related to its dispatching services and another entity is paying more than the estimated costs.

3. Special Road and Bridge Fund

The approved budget documents did not adequately project the anticipated receipts, disbursements, and the ending cash balance of the Special Road and Bridge Fund for the two years ended December 31, 2000 as follows:

	Year Ended December 31,					
	2000			1999		
	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
Revenues	\$1,330,550	1,824,265	493,765	1,337,500	1,523,020	185,520
Expenditures	2,618,040	1,550,439	1,067,601	2,586,580	1,688,095	898,485
Cash Balance	504,845	2,065,778	1,560,933	707,947	1,791,952	1,084,005

In addition, based upon past history, it appears the 2001 budget also reflects under estimated revenues and over estimated expenditures. As evidenced by the amounts presented above, the County Commission does not adequately review historical cost data when preparing the budget.

Failure to approve a realistic budget and monitor budget to actual data reduces the effectiveness of the budget as a management tool.

4. Large Cash Balances

The Special Road and Bridge Fund has a large cash balance at December 31, 2000. During the two years ended December 31, 2000, the cash balance increased \$108,751 to a total of \$2,065,778. This amount exceeds actual 2000 expenditures by approximately \$500,000. The County Commission indicated the reserve is necessary for emergencies and a possible change to a county form of government which would require the county to assume more responsibilities. In addition, the County Commission has developed a two to three year plan which includes updating some road equipment, implementing a brush control program and continuing to purchase all CART rock and the present program of building at least two bridges each year.

5. Unreimbursed Expenses

The county does not properly monitor reimbursement for projects under the Highway Planning and Construction program. Two reimbursements received in April 2001 totaling \$70,974 were not received on a timely basis. One reimbursement request for \$3,806 was submitted to the Missouri Department of Transportation (MODOT) in July 1999. Another request for \$67,168 was submitted in July 2000 and was held by MODOT pending completion of engineering paperwork. The county should monitor the status of reimbursement requests and ensure appropriate information is submitted to facilitate the processing of reimbursement requests.

6. Misclassification of Special Road and Bridge Fund Expenditures

The county misclassified approximately \$92,000 of Special Road and Bridge Fund expenditures for the two years ended December 31, 2000, as other expenditures. According to the County Clerk, these expenses represented supplies and budget overruns on other line items within the Special Road and Bridge Fund. In addition, the county misclassified approximately \$62,000 as emergency expenses for the two years ended December 31, 2000. The County Clerk stated that these expenses related to budget overruns on other line items within the Special Road and Bridge Fund. To ensure accurate, comparable, and useful financial information, expenditures should be properly classified. These amounts have been reclassified on Exhibit B.

7. County Commission Minutes

The County Commission does not retain an official record of all closed meetings. In addition, the open meeting minutes lack sufficient detail to record the day-to-day business of the County Commission. For example, the minutes do not refer to all bids solicited. Finally, the minutes are not prepared and approved in a timely manner. As of February 2001, the last entry in the minutes was related to a November 2000 meeting.

8. County Officials' Salaries

Section 50.333.13, RSMo, enacted in 1997, allowed county salary commissions in 1997 to provide mid-term salary increases for associate county commissioners elected in 1996. The motivation behind this amendment was the fact that associate county commissioners' terms had been increased from two to four years. On May 15, 2001, the Missouri Supreme Court handed down an opinion that challenged the validity of that statute. The Supreme Court held that this section of law violated Article VII, Section 13 of the Missouri Constitution, which specifically prohibits an increase in compensation for state, county and municipal officers during the term of office. This case, *Laclede County v Douglass et al.*, holds that raises given pursuant to this statute section are unconstitutional.

During the 1997 salary commission meeting, a motion was made and passed to "set salaries of all elected officials of Harrison County at 100 percent maximum allowance compensation per statutes to take effect prior to the new term". As a result, all elected officials were given

a salary increase mid-term. The action taken by the 1997 salary commission was not voted under Section 50.333.13, RSMo. However, as a result of the Supreme Court decision, the salary commission should reevaluate the decision to give mid-term salary increases to all officials. The County Commission indicated they will ask the county's legal counsel to review this matter and will discuss it at the 2001 salary commission meeting.

This Letter on Other Matters is intended for the information of the management of Harrison County, Missouri, and other applicable government officials. However, this letter is a matter of public record and its distribution is not limited.